



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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Stephen A. Owens
Director

August 8, 2003

Mr. Dennis L. Mattheisen, CPA
Financial Audit Director
Auditor General's Office
2910 N. 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Mr. Mattheisen:

I am writing in response to your letter dated June 23, 2003. ADEQ agrees that we have more than 10 million dollars in capital assets and that we are responsible for adequately safeguarding and accounting for these assets. ADEQ also agrees that we have sound internal control policies and procedures. Prior to my becoming ADEQ Director earlier this year, however, these policies and procedures were not consistently followed. This lack of consistency in following the established policies and procedures created some confusion and delays in documenting and recording new assets or in deleting surplus assets. As of September 1, 2003, all these assets will be part of our fixed assets inventory system.

Tenant improvement assets incorrectly recorded as State assets have been removed from our fixed asset system. The General Services Manager will ensure that ADEQ adheres to its established policies and procedures and that its assets are tagged and inventoried before distribution or deployment. The General Services Manager shall review and approve all deletions of assets from the inventory.

The Accounts Payable and Fixed Assets groups are working to improve communications and coordination with the Programs, their Business Managers, the Procurement and Receiving Units. General Services has reviewed and adopted plans to enhance the accuracy of its information and the participation of all Programs in tracking and inventorying their fixed assets.

In closing, we appreciate the efforts and professional assessment provided by the Auditor General's staff of the current condition of our fixed assets and inventory controls. Their findings support the efforts and changes we have been working toward since I became ADEQ Director. It has been a deliberate process but one that will yield an accurate statement of our fixed assets and inventory as we implement the remaining improvements. If you have any questions or need additional information, please call me.

Sincerely

Stephen A. Owens
Director

cc: Lynette Spring, Auditor General's Office
Richard W. Tobin II, Counselor to the Director
John Joyce, General Services Manager

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